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**GOD'S LAKE
GOLD MINES**
Limited



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To the Shareholders of
GOD'S LAKE GOLD MINES LIMITED



SINCE the last report of this nature was issued over a year ago, our search for new mines has gone forward diligently in spite of difficulties imposed by adverse operating conditions, and we are happy to be able to report that substantial headway has been made.

In pursuing this search, it will be noted, we have felt it would be imprudent to rely solely on our own efforts. Accordingly, while maintaining prospecting parties in favorable areas, and carrying on vigorous exploration of our own properties, including Jowsey Island and Lynn Lake, we have employed a substantial portion of our resources participating in affiliated and other undertakings.

To such good purpose has this been done that not only have we already secured worthwhile financial benefits in some instances, but we now find ourselves in the fortunate position of being able to count among our widespread interests important shareholdings in several enterprises whose developments contain the assurance of increasing stature.

Notable in this respect are: Dominion Magnesium Limited which appears destined to play an increasingly important role in Canadian industry; Bevcourt Gold Mines where installation of milling equipment is forecast later this year; Wekusko Consolidated which now has sufficient ore in sight to warrant a 100-ton mill; and Squall Lake Gold Mines, a subsidiary of Wekusko, where a big tonnage of medium grade ore has been indicated.

In addition to these, though less advanced in their development, but believed to possess real possibilities are: our wholly owned Lynn Lake group adjoining Sherritt Gordon; Nickel Lake Mines, a subsidiary in which we hold the dominant interest; and South Dufault Mines adjoining the Eldona operation in Rouyn, Quebec. These and others of our varied interests are dealt with more fully in the following pages.

It will be observed that some of these operations have been temporarily suspended. Such suspensions were brought about, especially in the case of Lynn Lake, Wekusko, and Squall Lake, by the fact that in each instance the operations had reached a stage calling for substantial outlays. To have committed God's Lake Gold Mines further at the present time would entail disposal of revenue producing holdings in established mines and impairment of our strong liquid position, a procedure which is contrary to our established policy.

A determined effort is being made to secure the required working capital for the operations concerned and your directors are confident of success in this direction. In the meantime, and for the first time in several years, constructive developments in respect to gold mining have made their appearance which can be reasonably expected to prove beneficial. The Federal government's proposed cost-aid plan which is expected to become law during the present session, is just one case in point. The plan, it is noteworthy, will have particular significance for potential new producers such as Bevcourt, Wekusko Consolidated, and Squall Lake.

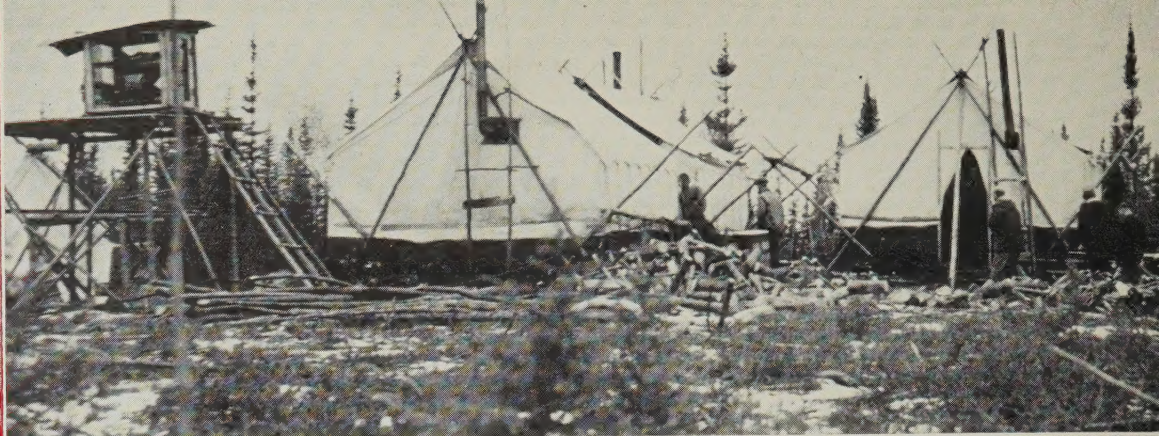
In conclusion I would like to sound a note of optimism as regards the future of our Company, which I feel is justified by events. Better days for gold mining lie ahead, I firmly believe, and when this comes about, God's Lake Gold Mines by virtue of its field activities and investments will be in a position to reap substantial rewards from the effort and money expended during the past several years.

Respectfully submitted on behalf of the board,

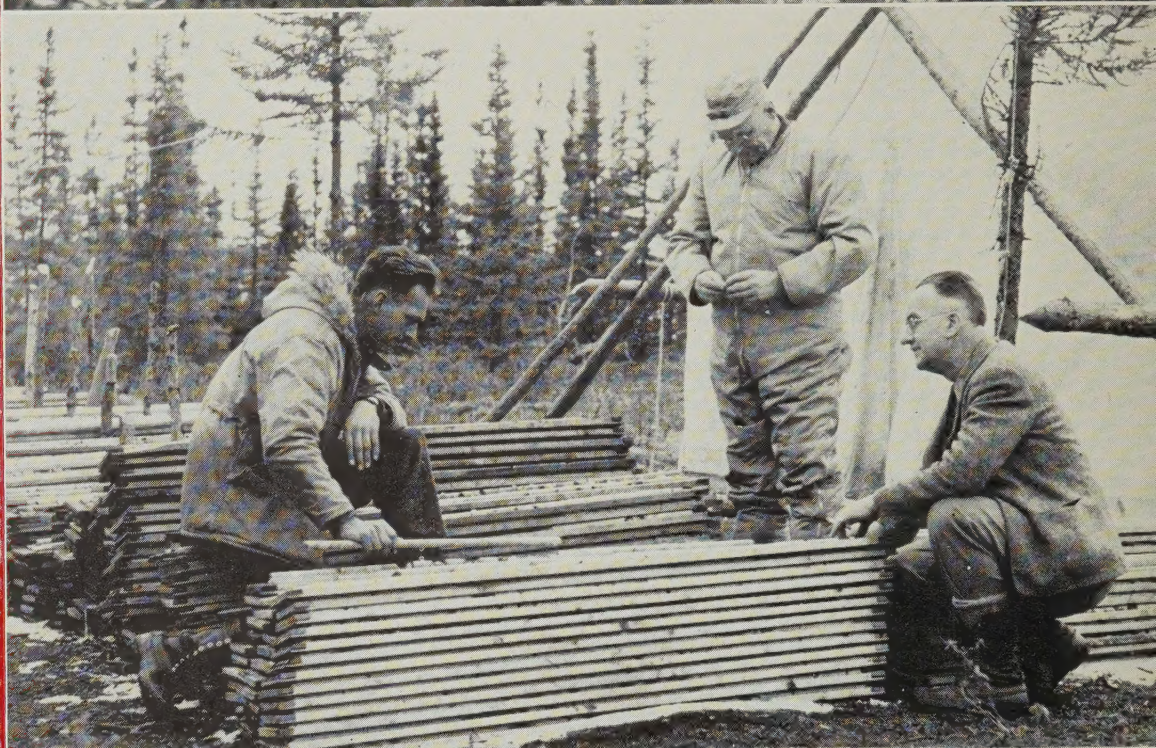
President.

March 31, 1948.

View of the camp at God's Lake Gold Mines' Lynn Lake property.



R. J. Jowsey, president (centre), examines drill core at Lynn Lake.

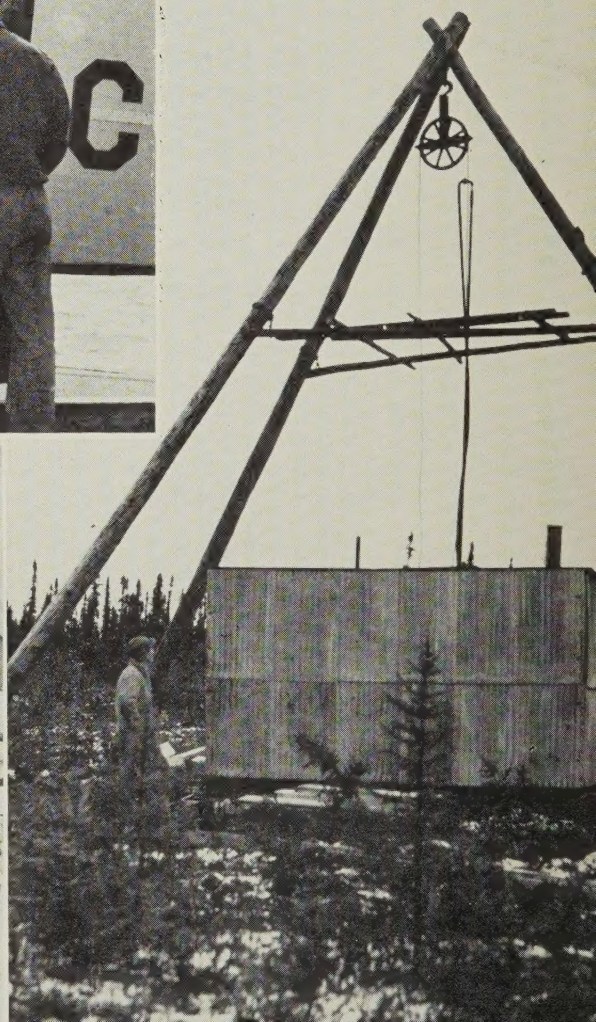


Staff members wish H. R. Drummond-Hay, vice-president, a safe journey.



Left, Lunchtime, Lynn Lake.

Right, Diamond drilling at Lynn Lake.





Lynn Lake

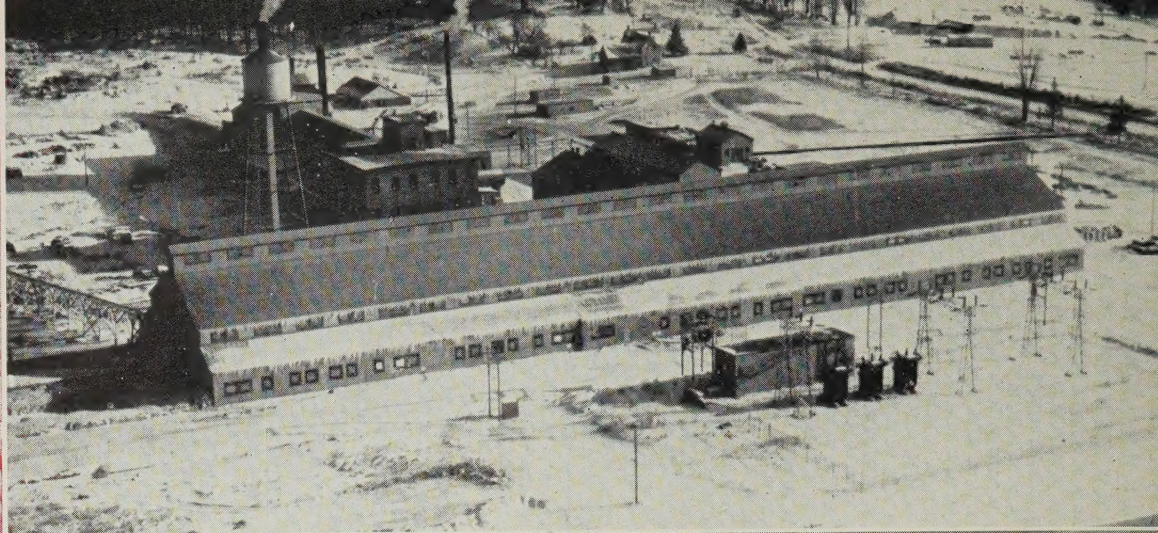
Following the staking by God's Lake Gold Mines of a block of 147 claims in the Lynn Lake area about a year and a half ago, the major portion of the property has been covered by a magnetometer survey, and about half of the area has been geologized. During the course of this work numerous anomalies were disclosed. Diamond drilling was carried forward during most of 1947, being confined entirely to the southern portion of the property. While the drilling has not, so far as it has gone, indicated ore deposits comparable to those revealed on Sherritt Gordon's Lynn Lake holdings, copper-nickel mineralization was reported in some of the holes, and some very encouraging copper-zinc intersections of ore grade were obtained on claim F.L. 15.

To properly gauge the strategic importance of God's Lake Gold Mines' Lynn Lake group, it is necessary to review what has taken place on the holdings of Sherritt Gordon, and whose early discoveries inspired the entry of God's Lake into Lynn Lake area on adjacent ground. So far only a very few of the many anomalies outlined by magnetometer work on Sherritt ground have been drilled, yet these have yielded copper-nickel ore bodies of such importance that plans formulated envisage the establishment of a new copper-nickel producer of major magnitude.

It is in the reasonable expectation that ore bodies of commercial importance may similarly reward further investigation that God's Lake has retained its Lynn Lake group in good standing with 4 years' assessment work done and plans a resumption of drilling at the earliest possible moment. Much work remains to be done before any accurate appraisal of the property's ore-making possibilities can be made, for as already intimated explorational effort is still in a very early stage.



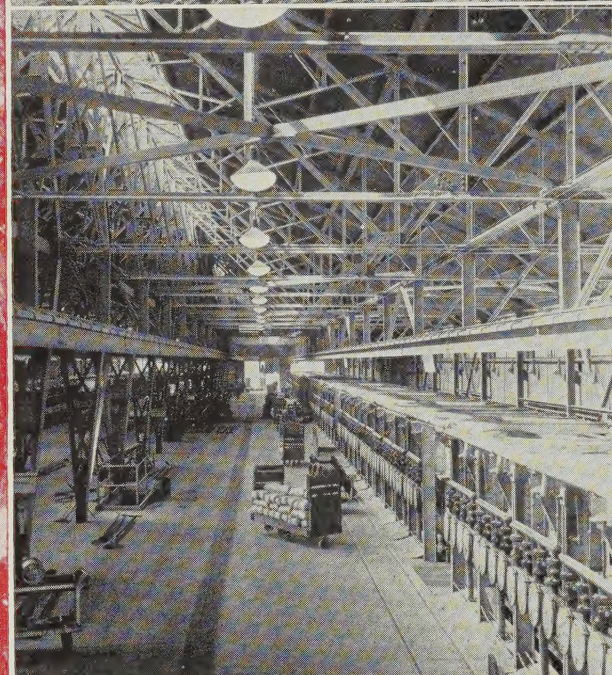
**Aerial view of Dominion
Magnesium plant at Haley,
Ont.**



**View of the quarry, the
source of magnesium ore.**



**Left, an interior view of
Dominion Magnesium plant.**



**Right, pouring magnesium
metal into moulds.**



Another view of the plant.



Dominion Magnesium Limited

About two and a half years ago Dominion Magnesium Limited found itself in possession of a plant capable of producing 12,000,000 lbs. of high purity magnesium a year. Against this was the pre-war annual consumption of magnesium for Canada of 35,000 lbs. It was a situation that called for faith in magnesium as an industrially useful metal and a high quality of management.

Convinced by wartime experience of the valuable contribution to peacetime progress that magnesium was capable of, the company's staff of technicians plunged into an intensive program of research that was designed to convince Canadian industrialists that in a broad field of application magnesium was superior to the commoner metals because of its unique properties of extreme lightness, strength, durability, and ease in fabrication.

While this program was going forward the plant in Renfrew county was turned over to the production of calcium for which an accessible and profitable market was waiting. Magnesium requirements were drawn from the stockpile.

Looking back now over the conversion years, it is apparent that the policies adopted at the outset and the efforts entailed in carrying out such policies have borne fruit. Progress has been made in a measure such as to warrant satisfaction on the part of management and shareholders alike. Probably the best indication of this advancement is to be found in the official announcement that the foundry capacity of Light Alloys Limited, a subsidiary of Dominion Magnesium, is being increased substantially in order to meet the growing demand for magnesium castings. Further evidence of progress is forthcoming in the scheduled resumption of magnesium production later this year. The coming months, therefore, will witness the big plant, whose efficiency was increased last year by further mechanization, producing magnesium, calcium, and probably others of the rarer metals which experience has proven can be effectively handled.

Specific applications for magnesium and its alloys which have been developed in the relatively brief span of Dominion Magnesium's research efforts range from cathodic protection from corrosion of underground tanks and pipe-lines to fire-fighting equipment, portable tools and sporting goods. The textile, newsprint, mining and other industries have also been infiltrated.

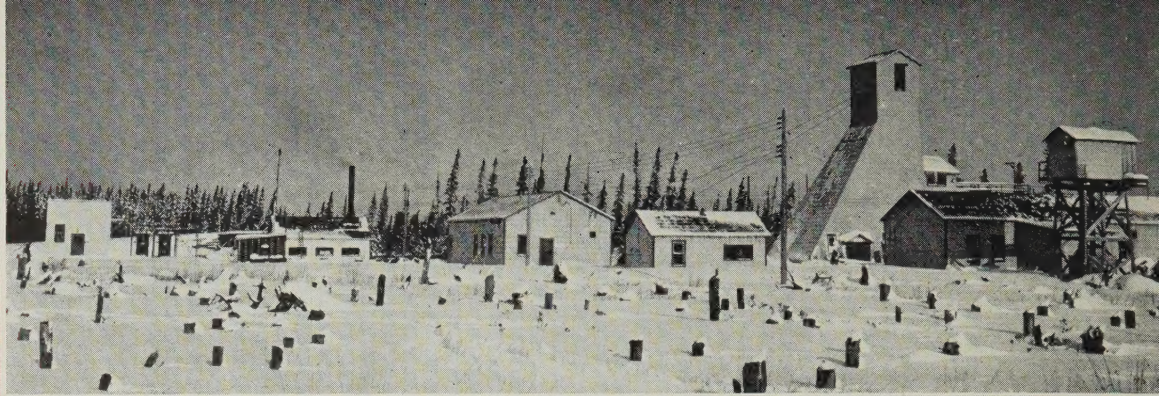
But notable as the progress made has been company officials have the knowledge that no more than the fringe of magnesium's possibilities has as yet been touched. The applicability of magnesium everywhere where its lightness spells savings in power or human fatigue opens a vista of possibilities of dramatic quality. This is particularly true in the broad field of transportation, where it appears destined to play an increasingly important role.

In this growth there is the suggestion that Dominion Magnesium is heading for a major spot in Canadian industry with ramification well beyond the Dominion's borders, for its high purity products are already well and favorably known in many countries of the world.

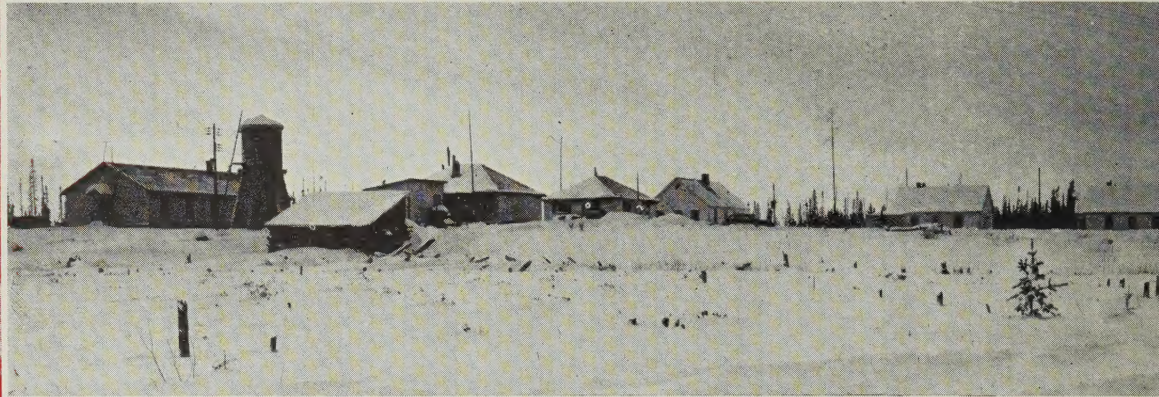
It is for this reason that God's Lake Gold Mines' substantial share interest in the enterprise ranks as one of its most highly regarded assets.



View of Bevcourt Gold Mines surface plant.



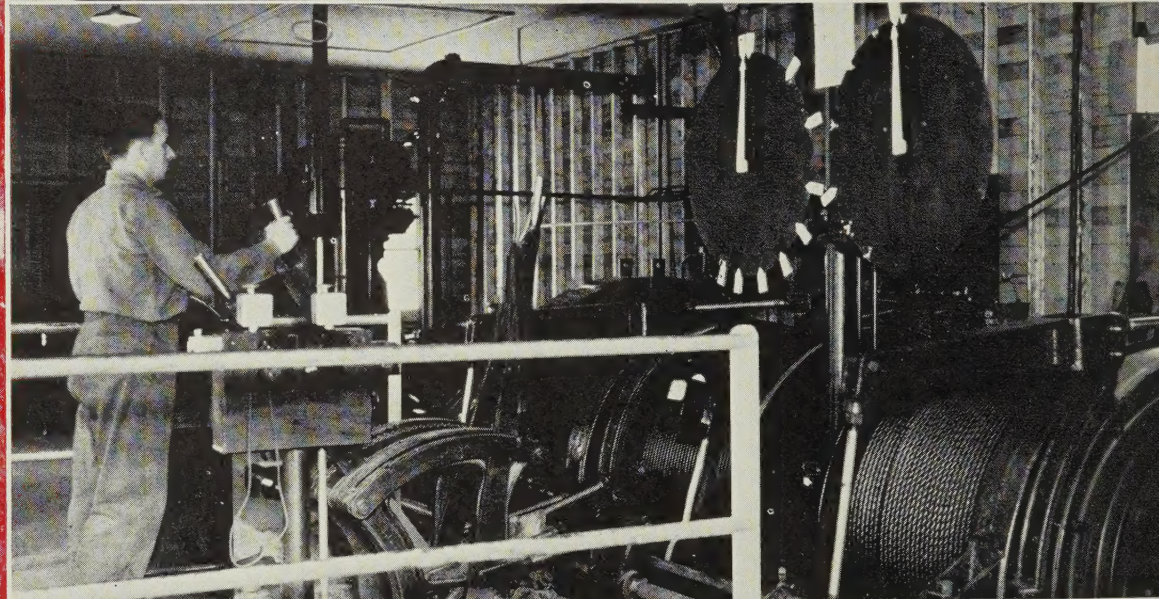
Another view of the same.



A welcome interlude. Bevcourt dining room.



Hoistman in action, Bevcourt.



The crew that sunk Bevcourt shaft.





Bevcourt Gold Mines

With completion of its initial shaft sinking program to 730 ft. early in 1947, Bevcourt Gold Mines proceeded with vigorous underground development on the 600 and 700 ft. levels. Drifts were pushed out both east and west of the shaft crosscut to open up the ore zone previously explored by surface diamond drilling. Ore revelations resulting from the year's work foreshadow the ultimate growth of this enterprise into a producing mine.

In something over 2,900 ft. of drifting on the two levels a combined ore length of about 1,760 ft. was opened. On the 600 ft. level a length of 761 ft. in two sections was drifted on. Dimensions and grade were as follows: length 505 ft., width 4.2 ft., average grade (uncut) 0.489 ozs. gold per ton, or 0.215 ozs. (cut). The other section had a length of 256 ft. of 0.327 ozs. (uncut) or 0.253 ozs (cut) across 2.1 ft. Headings both east and west were stopped in ore.

On the 700 ft. level an ore length of 244 ft. averaging 0.541 ozs. (uncut) or 0.27 ozs. (cut) over 5.4 ft. was opened in the west main drift. Important additional ore possibilities were indicated in a crosscut 160 ft. west of the shaft. In the east drift on the same level two parallel shoots were followed. The north shoot is 211.4 ft. long, 4.9 ft. wide and grades 0.221 ozs. (uncut), or 0.161 ozs. (cut), for this length. The south vein has a length of 278 ft. and grades 0.40 ozs. (uncut), 0.31 ozs. (cut), across 3.7 ft. At a point 250 ft. east of the shaft, the north and south drifts have been connected by a cross cut which shows a width of 38.7 ft. averaging 0.194 ozs. (uncut) and 0.138 ozs. (cut).

With several points in the upper levels which present intriguing ore possibilities yet to be investigated, lateral work was stopped to permit deepening of the shaft and the establishment of three new levels at 800, 900, and 1,000 ft. This work was completed about the year end.

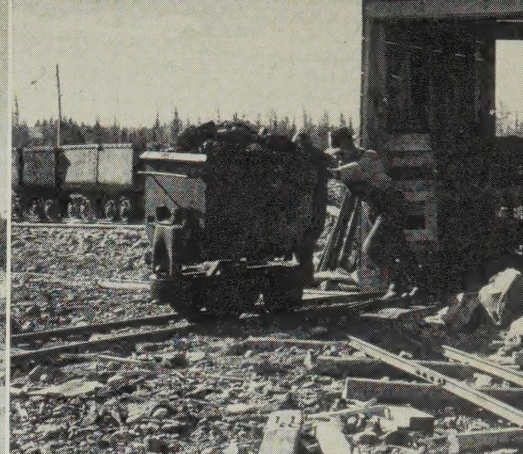
Flat diamond drill holes were then driven from the new level stations with the most interesting results coming from the 900 ft. level. Important ore intersections were disclosed here and these are now being followed up.

The next few months' work give promise of being decisive ones in Bevcourt development. Company officials make no secret of the fact that thought is being given to the construction of a mill. Plans in this connection will be governed to a material extent by results growing out of opening of the new deep levels.

The expanding ore picture at Bevcourt has more than ordinary significance for God's Lake Gold Mines, inasmuch as God's Lake and its associates have played a big part in financing the operation since inception. While a portion of the shares of Bevcourt which God's Lake have purchased from time to time under the option agreement have been disposed of advantageously, a block of 365,000 shares has been retained in God's Lake portfolio which can be regarded as an asset of increasing value as mine development proceeds.

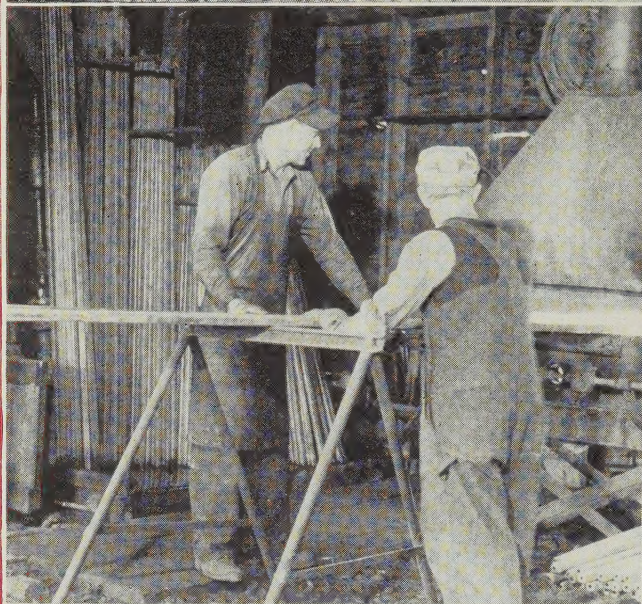
Left. Headframe and a portion of the surface plant at Ferro property of Wekusko Consolidated.

Right. Tramming ore from underground.



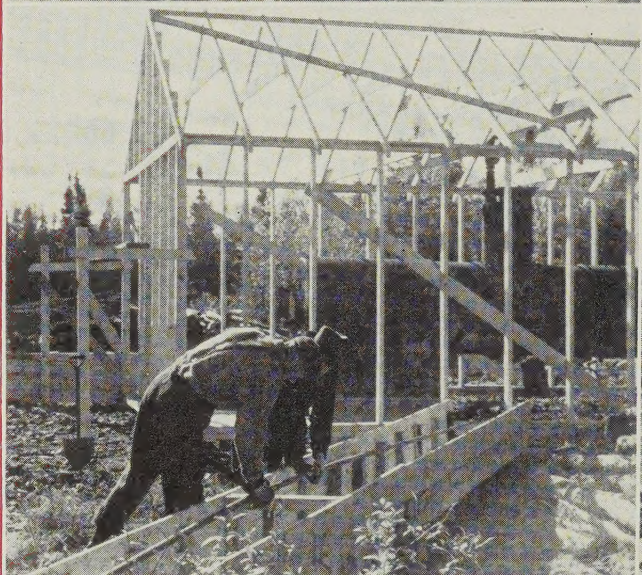
Left. Forging drill steel.

Right. Ore cars on way to hoist.



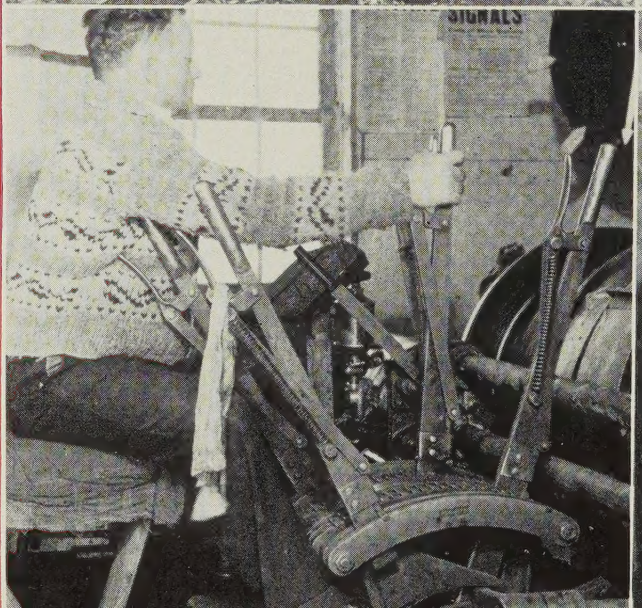
Left. The new heating plant under construction.

Right. To the ore dump.

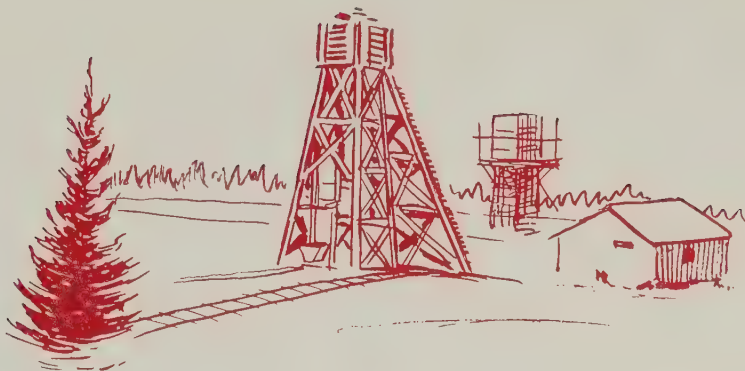


Left. The hoist man at the controls.

Right. Drilling a drift face at the 525 ft. level.



Wekusko Consolidated



During its four years of existence Wekusko Consolidated has stood in the front rank of Manitoba exploration and development organizations in point of aggressiveness and scope of operations. From this persistent search for new mines have emerged two operations which by their response to exploration and development bear the stamp of prospectively profitable producers of the future.

The most advanced of these in point of development is the Ferro mine situated in the Herb Lake area, about five miles inland from Wekusko Lake. During the past two years something over \$400,000 has been expended by Wekusko Consolidated in equipping the Ferro for serious development and in opening ore shoots by drifts and raises. The response to such development has been distinctly encouraging.

To date about 4,500 feet of drifting on the four established levels has been performed which has resulted in opening ore of a combined length of 1,074 ft. This combined length is made up of sections of ore of varying lengths and widths on the four levels spoken of. Grade ranges from 0.11 ozs. to 1.44 ozs. (uncut) per ton, with the average 0.40 ozs. uncut, over an average width of 4 ft.

In addition to ore opened in drifts excellent results have come from the raises pushed up between levels, as the following summary will attest: in Raise 4D a 60 ft. length, 2.9 ft. wide, averaged 1.78 ozs. gold per ton; in 3E, 75 ft., 4.8 ft. wide, averaged 1.48 ozs.; in 2D, 43 ft., 3.4 ft. wide, ran 1.09 ozs.—and 35 ft., 4.6 ft. wide ran 0.29 ozs.; in 1B, 33 ft., 3.7 ft. wide, ran 0.34 ozs.

Sufficient ore of good commercial grade has been put in sight by the work outlined above to sustain a milling operation of at least 100 tons daily capacity. With further development installation of a mill of greater size would be justified, it is believed.

Before proceeding further towards production, however, it will be necessary to secure additional working capital. Negotiations in this connection are underway. Pending the successful outcome of such negotiations, operations at the Ferro property have been temporarily suspended.

Squall Lake Gold Mines

The second operation (which bears the stamp of future profitable production) is Squall Lake Gold Mines situated in the Squall-Snow Lake area approximately 20 miles by air from the Ferro.

Surface trenching and diamond drilling prosecuted during 1945-6 established the existence of several flat-dipping gold-bearing lenses along the upper contact of the underlying hornblendite sill. Upwards of 50,000 feet of drilling has been done which work has indicated a number of ore bodies of mineable width and an average grade of 0.21 ozs. gold per ton.

The best of these lies in an area 600 by 2,000 ft. at the south end of McLeod Lake. Here drill intersections established an ore body estimated to contain 500,000 tons of ore having an average grade of 0.265 ozs. across an average width of 4.9 ft. Additional tonnages of as yet undetermined magnitude are indicated in other drilled sections.

A diamond drill pumping station at Nickel Lake Mines.



Diamond drilling in winter time is no sinecure



Tenting at 50 below, Nickel Lake.



A shaft to 600 ft. to develop indicated ore and prepare for mining has been recommended. Because of the nature of the known deposits economical operation is essential to successful mining, and for this reason further work on Squall Lake Gold Mines was suspended at the end of 1946 and is being deferred until hydro-electric power becomes available.

Through shares acquired from its vendor interest and additional treasury stock taken down for moneys advanced for operation, Wekusko Consolidated owns more than 45% of the 2,070,005 shares issued to date by Squall Lake Gold Mines.

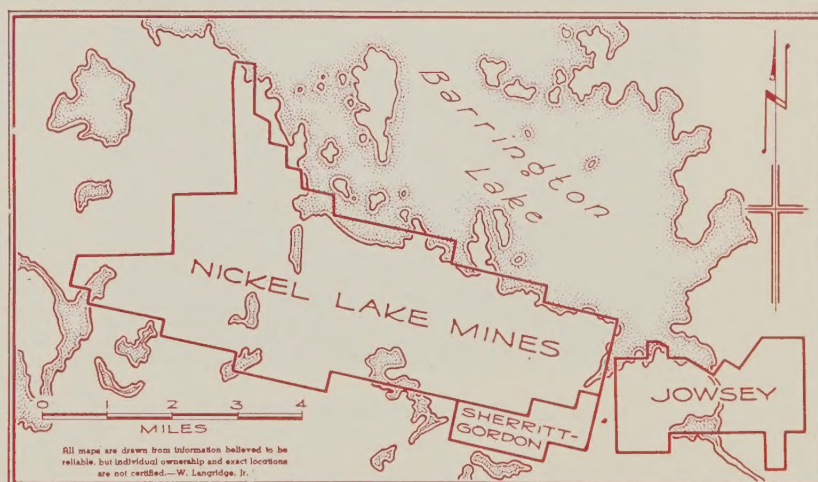
Both the Ferro group and Squall Lake through their ore indications and developments have shown themselves to be capable of supporting mills. Both have interesting growth possibilities in an ore sense beyond tonnages now indicated. Given favorable operating conditions and hydro-electric power both enterprises can become profitable producers.

Apart from the stock interest in Squall Lake Gold Mines referred to above, property holdings of Wekusko Consolidated currently comprise 213 claims distributed in several groups. Fifty-three claims adjoining Squall Lake Gold Mines and having the same geological and structural conditions, have considerable prospective value in the light of results achieved on the property of the subsidiary company. Another group at Reed Lake while drilled for gold during 1946 has subsequently taken on importance by virtue of copper-zinc showings both on this group and on neighboring claims, which warrant further investigation.

Nickel Lake Mines

During 1946 a group of 207 claims was staked near Barrington Lake in the Granville Lake Area of Northern Manitoba on behalf of God's Lake Gold Mines and Bobjo Mines. Subsequently a new company, known as Nickel Lake Mines, Limited, was formed to acquire the group. Of the 1,000,000 vendors' shares issued in consideration for the transfer of the claims, God's Lake Gold Mines received 704,348 shares and Bobjo Mines, 195,652 shares. Through the disposal of treasury shares \$50,000 working capital was placed in Nickel Lake Mines' treasury and active investigation of the property was commenced.

This work consisted of surface prospecting, a geological survey carried out last summer by Dr. G. M. Brownell of Manitoba University, and magnetometer surveying. The highlights of last year's work were the discovery of some gold "float" assaying \$21 per ton at the east end of Nickel Lake, and the location of an important looking anomaly in the southern portion of the group. The source of the "float" has not yet been determined, but its character suggests that this source is not far removed. After the freeze-up, the diamond drilling equipment employed previously on God's Lake Gold Mines' Lynn Lake property was removed to Nickel Lake and exploratory diamond drilling of the anomaly referred to in the foregoing is currently underway.



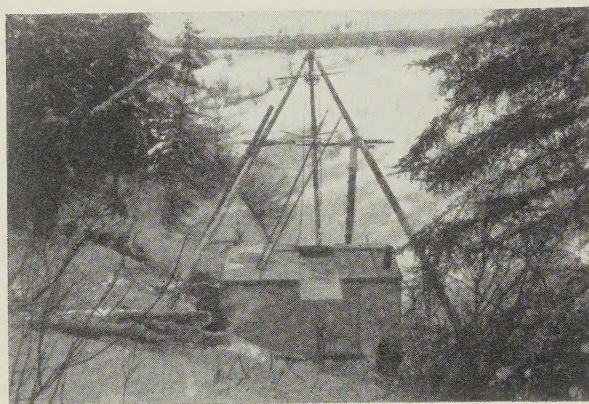
Regcourt Gold Mines

Upon completion of the shaft sinking program at Regcourt Gold Mines' property early in 1947, lateral development was undertaken at the 200, 300 and 400 ft. levels to follow up the disclosures of ore obtained in earlier surface diamond drilling. Although quite encouraging indications had come from the surface drilling and exceptionally high values in gold were encountered during shaft sinking underground work was disappointing. Several short sections of commercial ore were developed but could not be correlated. Underground work was discontinued in favor of further exploratory drilling from underground. During the course of this drilling some encouraging intersections of ore grade over mineable widths were secured in flat holes drilled from the 400 ft. level crosscut.

Further exploration of these indications and of the property as a whole must remain in abeyance until conditions affecting gold mining generally become more favorable for the raising of further working capital.

South Dufault Mines

Following important gold-silver-zinc ore indications in an extensive campaign of diamond drilling on the Eldona property, Rouyn Township, Quebec, exploratory drilling was resumed early in the current year on South Dufault Mines' 34-claim property adjoining Eldona on the east. This drilling is designed to investigate the extension of the same structural conditions as those which have proven so fertile for ore-finding on the adjoining Eldona. At time of writing the drilling on South Dufault ground has just got nicely underway.



Diamond Drilling at South Dufault Mines

In the initial hole drilled since the resumption of work—Hole No. 40 about 4,800 ft. east of the western boundary—two quite encouraging intersections have been obtained. From 292.5 ft. to 294 ft. the return gave .58 ozs. gold, and from 300 to 303.5 ft. gold values ran 1.13 ozs.

An interesting feature in regard to these results is that they occur in a formation which has proven favorable for ore-making on other properties in the area. Drilling in the vicinity of Hole 40 is being continued in the hope of picking up commercial ore deposits.

God's Lake Gold Mines owns over 500,000 shares of South Dufault.

Kalbrook Mining Company

With the exception of some diamond drilling for assessment purposes Kalbrook Mining Company was inactive during 1947, further operations remaining in abeyance pending an improvement in general conditions. During the period 4,000 acres of ground held in Kaladar and Anglesea Townships, eastern Ontario, were dropped as was also a group of claims formerly held in Cassels Township. Options held on the Penko and Bromley groups in the Groundhog area were relinquished. A group of 37 claims staked in Penhorwood Township, Groundhog area, and 10 claims in the Pascalis-Tiblemont area of Quebec, have been retained for further investigation.

Burtho Gold Mines

Burtho Gold Mines is a wholly owned subsidiary of God's Lake Gold Mines. It was formed to manage the parent company's exploration and development activities in Ontario. Since incorporation the company has acquired by staking a number of claim groups which after geological examination have been dropped. Extensive geological investigation has been carried out on a 30-claim group in the Groundhog area, and an option has been taken on a 600-acre property in the Kenogami Lake sector, west Kirkland Lake. On this latter a diamond drilling program is currently underway.

GOD'S LAKE GOLD MINES LIMITED

(No Personal Liability)

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